

BOROUGH COUNCIL OF KING'S LYNN AND WEST NORFOLK

RECORD OF DECISION TAKEN BY OFFICERS UNDER DELEGATED POWERS

This is a record of a decision taken by an officers under delegated powers and where necessary taken in consultation with members and officers.

**NAR OUSE REGENERATION AREA ENTERPRISE ZONE - SECONDARY ROAD
INFRASTRUCTURE**

Delegated Power

Note : This item contains "Exempt" information

Cabinet September 2019 : KING'S LYNN – NAR OUSE BUSINESS PARK : SECONDARY ROAD INFRASTRUCTURE, SPECULATIVE UNITS & FUNDING AGREEMENT

Approved delegated authority for the Assistant Director Regeneration & Property (now Assistant Director Property & Projects) :

"to enter into the contract for the construction of the speculative units, and road (and other) infrastructureas outlined in this report"

and

"Authorise the amendment of the Council's Capital Programme to accommodate the proposals as set out within this report"

Decision Taken

The Tender Price Returns for the delivery of the road, and other, infrastructure at the Nar Ouse Regeneration Area Enterprise Zone are significantly higher than the cost estimate presented to Cabinet in 2019. This issue can be attributed to mainly national and global commodity price inflation that has, and is, being experienced.

Norfolk County Council (NCC) Highways department has been acting on behalf of the Borough Council as the council's Highways Consultants, and the Tender Prices have been derived through a competitive process via the Eastern Highways Alliance Framework Contract.

The cost estimate for the road infrastructure, as set out within the September 2019 Cabinet Report, was stated as [REDACTED]. The Tender Returns (following assessment) stands at [REDACTED].

The Council could decide to only implement parts of the infrastructure up to the budget estimate set out within the 2019 report, however the drainage and utility systems particularly have all been designed to accommodate the delivery of the whole site, and implementing part only would require a complete redesign of these systems which will add to cost and delay.

The Council's Approved Capital Programme (February 2022) has been checked and this additional cost can be accommodated within the overall budget for the Nar Ouse Regeneration Area. The Approved Capital Programme has a budget of £8,521,560 for road infrastructure.

A note setting out the detail in respect of the budget(s) is attached to this Delegated Decision Report – and forms part of this decision-making process.

Decision taken:

To exercise the delegated authority granted by Cabinet on 24 September 2019, in consultation with the Portfolio Holder for Project Delivery (now titled Development and Regeneration), to enter into a contract for the delivery of the infrastructure at the Nar Ouse Enterprise Zone at a contract price not exceeding the budget set out within the Capital Programme.

Reasons for the Decision

The delivery of the Nar Ouse Regeneration Area, and the Enterprise Zone, are long-standing policy initiatives of the Borough Council of King's Lynn and West Norfolk, and supported by multiple agencies such as the New Anglia Local Enterprise Partnership, Homes England, Norfolk County Council, and others. This decision is linked to the 2019 Cabinet report as mentioned previously.

It is important to note that although this decision relates to additional capital expenditure by the Borough Council on a specific element of the project these costs will be recouped over time from the enhanced Business Rates retention derived from premises constructed on the overall NOAREZ site.

The enhanced Business Rates retention mentioned above has been agreed, and contracted, between the other local authorities (and the New Anglia Local Enterprise Partnership) in Norfolk, and the Borough Council will be able to retain 85% of the Business Rates generated from the NORAEZ which will then be used to pay-off the road infrastructure costs.

In addition, the current, approved Capital Programme does not include [REDACTED] of external capital funding (for the construction of the speculative commercial units outlined within the 2019 Cabinet Report) from the [REDACTED] (repayable grant (from net rents derived from speculative units constructed)), therefore the council's capital commitment is less than that which is stated within the approved Capital Programme. The Capital Programme will be amended prior to being presented to Cabinet later in 2022.

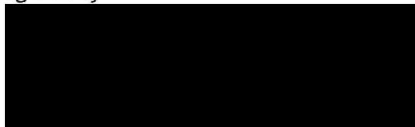
The construction of the road infrastructure is important for the local economy, those businesses that wish/need to expand their operations, and for the Borough Council as it will allow the council to generate revenue from the speculative units, and capital receipts from the development plots serviced by the proposed infrastructure.

It is also important to note that the Property & Projects team is already in discussion with a number of interested parties wishing to either lease the speculative units, or acquire land for their own development. Opening up the NORAEZ with the road infrastructure will help to secure significant private sector investment in the local area. In addition, there is also interest from [REDACTED] [REDACTED] that has secured [REDACTED] Funding to deliver a [REDACTED] facility on the NORAEZ site, which will add significantly to the wider social/community infrastructure within the area.

As the NORAEZ infrastructure has an approved budget within the Council's approved Capital Programme it is proposed to enter the road infrastructure contract at just under [REDACTED].

Authorisation

1st Signatory



Assistant Director Property & Projects

Dated: 20.05.22

2nd Signatory



Chief Executive Officer

Dated: 20.05.22

Consultation with members/officers

If the decision is taken following consultation with the members/officers, please give details:
Consulted with:

Cllr Richard Blunt [Portfolio Holder]

Michelle Drewery [Assistant Director Resources & S151 Officer]

Alexa Baker [Assistant Director for Legal Services & Licensing (Monitoring Officer)]

Cllr Richard Blunt [Portfolio Holder] Date [REDACTED]
Michelle Drewery [Assistant Director Resources & S151 Officer] Date [REDACTED] 20.05.2022.
Alexa Baker [Monitoring Officer] Date [REDACTED] 20.05.22

Please see the "Supporting Note" below/overleaf that sets out the background in more detail

NORAEZ Road Infrastructure Costs and Contract

Note Supporting Delegated Decision Process

Author : Matthew Henry [Assistant Director Property & Projects]

Date : 15th May 2022

1.0 Purposes of this Note :

- 1.1 A decision is required to commit to the road, and other, infrastructure costs at the Nar Ouse Regeneration Area Enterprise Zone (NORAEZ) via a contract that has gone through a competitive Tender process. Costs have come in higher than anticipated and reported to Cabinet in 2019.
- 1.2 It is necessary to make a swift decision on this contract, otherwise costs could escalate further, and have a negative impact on third party investment in the Nar Ouse Regeneration Area site.
- 1.3 This note sets out the detail, the budgets and rationale for recommending with proceeding with the contract. This note is intended to help with the decision-making process.

2.0 Background :

- 2.1 The Borough Council committed to the construction of road infrastructure at the Nar Ouse (Regeneration Area) Business Park/Enterprise Zone, together with the construction of some speculative commercial premises in order to stimulate purchaser interest (for development land) in the wider site. The implementation of the road infrastructure will open-up a significant swathe of commercial development land that would potentially facilitate private sector investment and ultimately contribute to the wider King's Lynn and West Norfolk local economy.
- 2.2 The Cabinet Decision was made in 2019. Unfortunately a combination of :
 - 2.2.1 delay in securing planning permission caused by the need to divert a bridleway;
 - 2.2.2 highway design delays (partly owing to the bridleway issues – but not solely); and
 - 2.2.3 the Coronavirus Pandemic
- 2.3 the Tender process has only just been completed in April 2022.
- 2.4 During the period between Cabinet Decision and finalising the road infrastructure Tender process there has been significant cost price inflation, which means that the Tender Prices are above those set out within the 2019 Cabinet Report.
- 2.5 Norfolk County Council (NCC) Highways department has been acting on behalf of the Borough Council as the council's Highways Consultants, and the Tender Prices have been derived through a competitive process via the Eastern Highways Alliance Framework Contract.
- 2.6 The cost estimate for the road infrastructure, as set out within the September 2019 Cabinet Report, was stated as [REDACTED]. The Tender Returns (following assessment) stands at [REDACTED].
- 2.7 Note that Phase 1 of the speculative units has successfully commenced.

3.0 Funding mechanism for the road, and other, infrastructure

- 3.1 It is important to note that although this decision relates to additional capital expenditure by the Borough Council the road infrastructure is to be “front/forward funded” by the Borough Council with these costs being recouped over a long period from the enhanced Business Rates retention derived from premises constructed on the overall NORAEZ site.
- 3.2 The enhanced Business Rates retention has been agreed, and contracted, between the other local authorities (and the New Anglia Local Enterprise Partnership) in Norfolk, and the Borough Council will be able to retain 85% of the Business Rates generated from any/all commercial units constructed on the NORAEZ site. The 85% retained Business Rates is to be used to pay off the capital expenditure necessary to deliver the infrastructure, albeit over a long period of time. An estimate of the enhanced Business Rates retention has been factored into the Council’s approved Capital Programme (see below – February 2022 Cabinet).

3 Enterprise Zone (25 Year Project)						
3.1 Opening Borrowing Brought Forward	2,717					2,717
3.2 Prior Year Borrowing Brought Forward	0	2,894	8,185	10,294	9,981	
3.3 In Year Expenditure	525	5,639	2,457	35	0	8,656
Business Rates Receipts 85% (via						
3.4 NALEP)	(348)	(348)	(348)	(348)	(348)	(1,740)
3.5 Net Borrowing Position	2,894	8,185	10,294	9,981	9,633	9,633

Source : Cabinet Report (9th February 2022) CAPITAL PROGRAMME AND RESOURCES 2021-2026

- 3.3 The expenditure on the infrastructure will be recouped over time from the Business Rates generated. If the infrastructure is not implemented this will negatively impact upon business growth and activity in the local economy.

4.0 Budget :

- 4.1 Although the 2019 Cabinet report stated [REDACTED] (this was based on evidence from an “Early Contractor Involvement” estimate process at the time) the actual budget provision for the NORAEZ road infrastructure within the Council’s approved Capital Programme (February 2022) stands at **£8,521,560**.
- 4.2 The Approved Capital Programme [Cabinet February 2022] identifies the following budget for expenditure at the Nar Ouse Regeneration Area and Enterprise Zone :
- 4.3 Note that the information below contains some information that is “Open” and some information that is “Exempt”.

Open information :

Enterprise Zone

Project Management & Marketing	£ 133,970
Roads/Infrastructure	£ 8,521,560

Other Major Projects

NORA Remediation	£ 845,890
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Exempt information :



Total Proposed Expenditure



- 4.4 It can be seen from the above that there is sufficient allocation within the existing Capital Programme to accommodate the higher than anticipated road infrastructure costs. However following the road infrastructure Tendering process and the additional expenditure required to deliver the overall Enterprise Zone, the Capital Programme (insofar as it relates to the Nar Ouse Regeneration Area) has been reviewed by the Assistant Director Property & Projects, and an important omission has been identified.
- 4.5 During 2020/21 a Funding Agreement was successfully negotiated with the [REDACTED] [REDACTED] to help with the capital funding for the proposed Speculative Units at the NORAEZ site. The Council has secured [REDACTED] of capital funding from [REDACTED] that will be applied equally to the two phases of the speculative commercial unit delivery costs. This Agreement reduces the Council's need to borrow and in turn reduces the revenue implications represented by the borrowing costs.
- 4.6 The broad terms of the Funding Agreement provide that the Borough Council will repay the [REDACTED] over a [REDACTED] period from the net rents received from the speculative units. The Council is only required to pay up to 50% of the net rents as repayments (after deducting management costs), and there is no interest rate charged, nor any indexation on the capital sum invested/loaned by [REDACTED].
- 4.7 Previous reports have identified borrowing costs with The Public Works and Loans Board (PWLB) fixed 50 year maturity loan interest rate (certain rate) standing at between 2.36% per annum and 2.86% per annum (indicative). At this rate of interest the [REDACTED] Funding Agreement benefits the Borough Council by between [REDACTED] and [REDACTED]. Which, in simple terms, saves the council between [REDACTED] of borrowing costs over the [REDACTED] year period.
- 4.8 Noting the above there is sufficient budget to enter into the road infrastructure contract.
- 4.9 The overall budget within the Capital Programme including* the [REDACTED] Funding Agreement can be seen set out below :

Open information :

Enterprise Zone

Project Management & Marketing	£ 133,970
Roads/Infrastructure	£ 8,521,560

Other Major Projects

NORA Remediation	£ 845,890
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Exempt information :

[REDACTED]

Total Proposed Expenditure [REDACTED]

[REDACTED] Funding [REDACTED]

Net Total [REDACTED]

*The Capital Programme will be amended prior to being presented to Cabinet in August 2022

5.0 Summary/Conclusion

- 5.1 The delivery of the Nar Ouse Regeneration Area, and the Enterprise Zone, are long-standing policy initiatives of the Borough Council of King's Lynn and West Norfolk, and supported by multiple agencies such as the New Anglia Local Enterprise Partnership, Homes England, Norfolk County Council, and others.
- 5.2 It is important to note that although this decision relates to additional capital expenditure by the Borough Council the road infrastructure is to be "front/forward funded" by the Borough Council with these costs being recouped over a long period from the enhanced Business Rates retention derived from premises constructed on the overall NOAREZ site.
- 5.3 The enhanced Business Rates retention has been agreed, and contracted, between the other local authorities (and the New Anglia Local Enterprise Partnership) in Norfolk.
- 5.4 The construction of the road infrastructure is important for the local economy, those businesses that wish/need to expand their operations, and for the Borough Council as it will allow the council to generate revenue from the speculative units, and capital receipts from the development plots serviced by the proposed infrastructure.
- 5.5 **There is significant interest in both the speculative units under construction, and the potential development sites that will be opened-up by the implementation of the road infrastructure.**
- 5.6 It is also important to note that the [REDACTED] Funding Agreement in place to help deliver the commercial speculative units has not been factored into the Council's Capital Programme and therefore its direct capital expenditure is over-stated by [REDACTED] on the NORAEZ.
- 5.7 As the NORAEZ infrastructure has an approved budget within the Council's approved Capital Programme that can accommodate the higher costs of the road infrastructure contract it is recommended that the Council enters into the road infrastructure contract at just under [REDACTED]
- 5.8 The proposed decision to proceed with the road infrastructure has been discussed with the council's relevant Portfolio Holder (Development & Regeneration), the Chief Executive Officer, the Assistant Director Resources & S151 Officer, and the Assistant Director for Legal Services & Licensing (Monitoring Officer), and it has been confirmed that an Officer Delegated Decision can be made on this issue.

Matthew Henry MRICS

Assistant Director Property & Projects

15.05.2022

Pre-Screening Equality Impact Assessment

Borough Council of
King's Lynn & West Norfolk



Name of policy/service/function	Officer Delegated Decision - Nar Ouse Regeneration Area Enterprise Zone - Secondary Road Infrastructure				
Is this a new or existing policy/ service/function?	Existing				
Brief summary/description of the main aims of the policy/service/function being screened. Please state if this policy/service rigidly constrained by statutory obligations	Proposal to enter into contract to deliver secondary road infrastructure to open up a large swathe of land in King's Lynn making it available for commercial (and other forms of) development				
Question	Answer				
<p>1. Is there any reason to believe that the policy/service/function could have a specific impact on people from one or more of the following groups according to their different protected characteristic, for example, because they have particular needs, experiences, issues or priorities or in terms of ability to access the service?</p> <p>Please tick the relevant box for each group.</p> <p>NB. Equality neutral means no negative impact on any group.</p>		Positive	Negative	Neutral	Unsure
	Age			x	
	Disability			x	
	Gender			x	
	Gender Re-assignment			x	
	Marriage/civil partnership			x	
	Pregnancy & maternity			x	
	Race			x	
	Religion or belief			x	
	Sexual orientation			x	
Other (eg low income)			x		
Question	Answer	Comments			
2. Is the proposed policy/service likely to affect relations between certain equality communities or to damage relations between the equality communities and the Council, for example because it is seen as favouring a particular community or denying opportunities to another?	No				
3. Could this policy/service be perceived as impacting on communities differently?	No				
4. Is the policy/service specifically designed to tackle evidence of disadvantage or potential discrimination?	No				
<p>5. Are any impacts identified above minor and if so, can these be eliminated or reduced by minor actions? If yes, please agree actions with a member of the Corporate Equalities Working Group and list agreed actions in the comments section</p>	No	Actions: n/a			
		Actions agreed by EWG member: Name			
Assessment completed by: Name Matthew Henry MRICS					
Job title Assistant Director Property & Projects	Date 20.05.22				
Please Note: If there are any positive or negative impacts identified in question 1, or there any 'yes' responses to questions 2 – 4 a full impact assessment will be required.					